



Source: UBS

# UBS CFA indicator: Analysts expect SNB rate cut in March

26 February 2025, 07:36 am CET, written by Matteo Mosimann, Maxime Botteron

- **Likely reflecting heightened uncertainty, the UBS CFA Society Switzerland indicator has experienced volatility recently. In February, it lost more than one-third of its extraordinary January gains, decreasing by 14.3 points to 3.4 points.**
- **Financial analysts consider a 25bps cut as the most likely outcome of the SNB's monetary policy meeting in March, with risks tilted toward a steady policy rate.**
- **Donald Trump's trade policy is expected to have negative effects on growth, and could boost inflation, particularly in the US, according to survey participants.**

The CFA Society Switzerland and UBS (previously Credit Suisse) have been conducting the Switzerland Financial Market Survey (a monthly survey of financial analysts) since January 2017. The detailed results of the survey conducted between 13.02.2025 and 19.02.2025, involving the participation of 30 analysts from the Swiss finance sector, are published here.



### Uncertain economic outlook

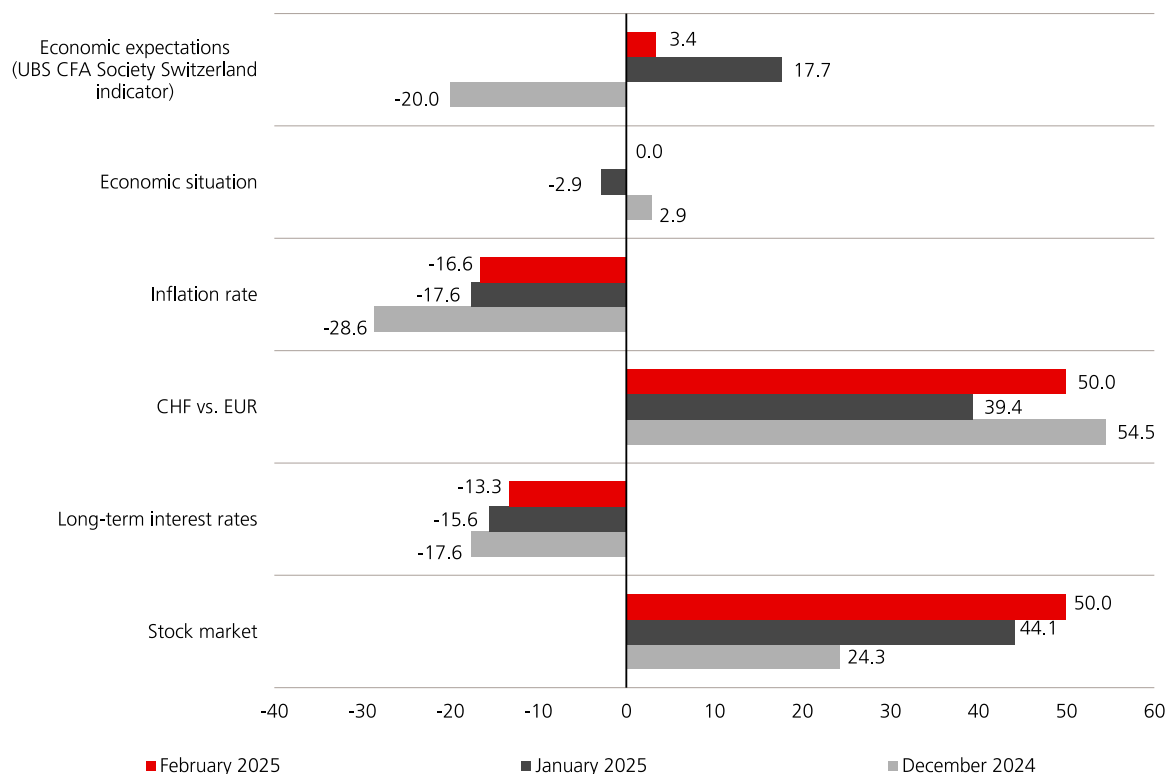
The UBS CFA Society Switzerland indicator came in at 3.4 points in February, falling 14.3 points short of last month's turnaround result. While unable to confirm the January surge of 37.7 points, the indicator nonetheless remained in positive territory. The outlook for both the Eurozone and China improved in February, whereas the assessment of the current economic situation in the US deteriorated compared to January. Numerous announcements on US import tariffs and the recent shift in the US position with regard to the war in Ukraine have likely fueled uncertainty among the analysts surveyed, leading to higher volatility in their responses.

In January Swiss inflation fell below 0.5% and is likely to remain close to current levels but with risks tilted to the downside, according to survey results. While inflation is expected to moderate further in the Eurozone, the survey does not reveal a clear trajectory for US-inflation. In that context, a majority of analysts anticipate lower short-term interest rates in Switzerland and the Eurozone, likely reflecting their forecasts of further rate cuts by the SNB and the ECB, while a majority of analysts expect US short-term rates to remain at the current level over the next six months, likely reflecting stable US Fed fund rates expectations.

Possibly also reflecting heightened geopolitical uncertainty, survey participants expect relative "safe-haven" assets like gold and the Swiss franc to appreciate over the next six months. Nevertheless, participants remain optimistic on equities, especially for the Eurozone and Switzerland, with 57 and 67% of analysts expecting an increase in the EuroStoxx 50 and the SMI, respectively.

Fig. 1: UBS CFA Society Switzerland indicator suffered a setback in February

Net percentage of responses: A positive value indicates an increase, while a negative value indicates a decrease, with -100 being the minimum value and 100 the maximum value.



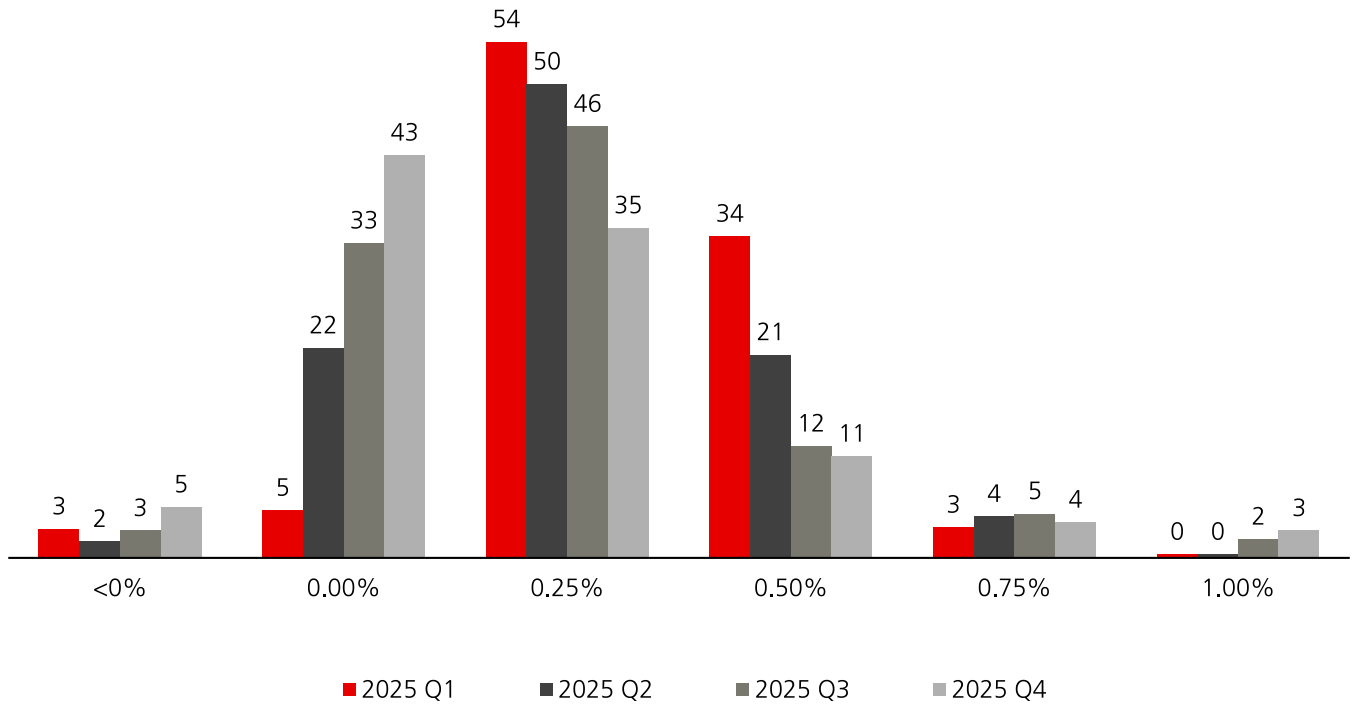
### Analysts expect rate cut in March

As usual in the month preceding the Swiss National Bank's quarterly monetary policy assessment, we surveyed analysts on their forecasts for the SNB policy rate. With a probability of 54%, analysts view a 25bps rate cut as the most likely outcome for the upcoming rate decision on 20 March, followed by a steady policy rate with 34% probability and a 5% probability for a larger 50bps cut. However, survey results indicate that the likelihood of the SNB rate falling to 0% from the current 0.50% increases throughout the year, reaching 33% and 43% by the end of the third and the fourth quarter, respectively. With a probability of 5% at the end of the year, the scenario of a negative SNB policy rate is deemed unlikely.

Fig. 2: Negative SNB policy rate unlikely

What is the likelihood that the SNB policy rate will be at a given level at the end of the respective quarter?

Probability in % for each interval



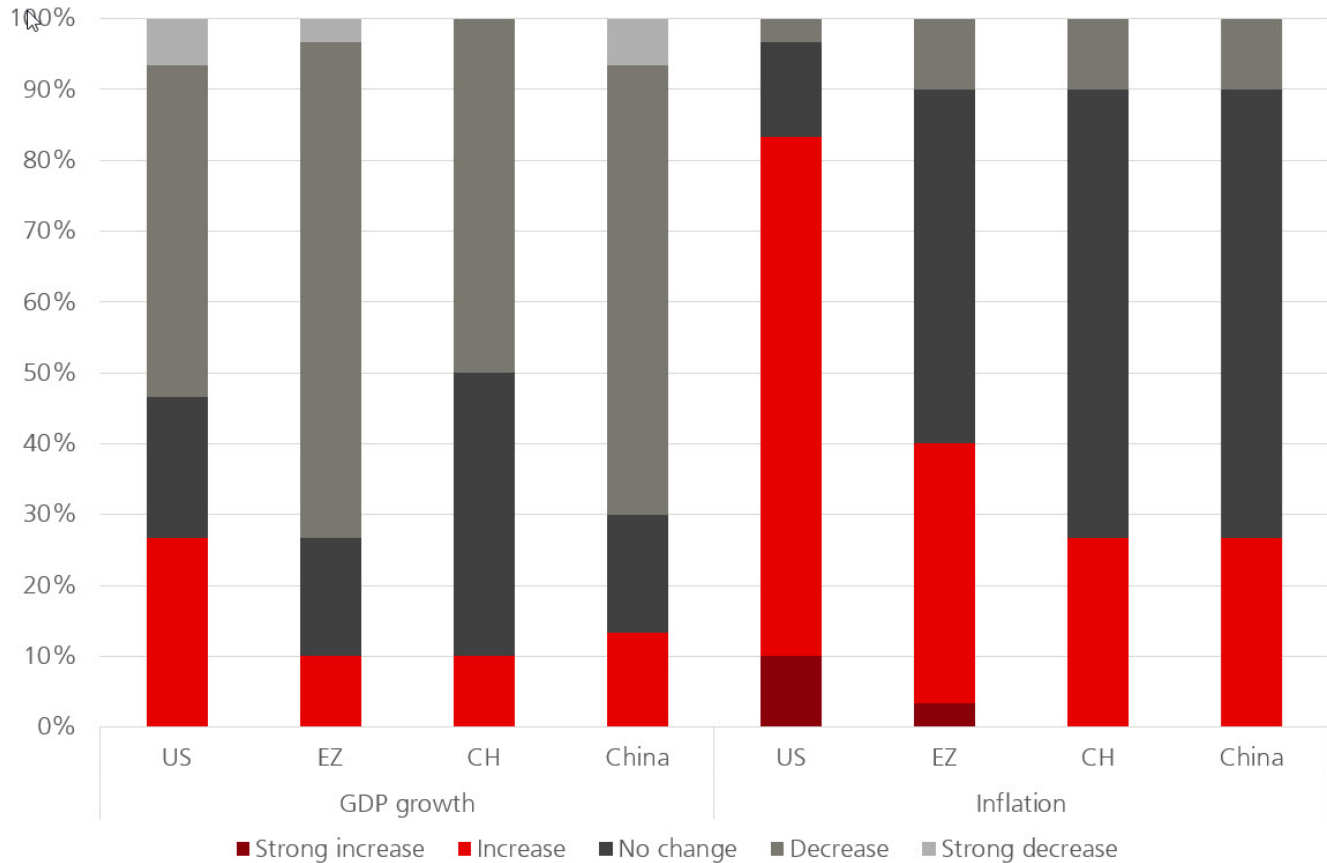
Sources: CFA Society Switzerland, UBS

### Trump's trade policy: Predominantly negative for growth

This month, we asked survey participants about the effect of Donald Trump's trade policy on GDP growth and inflation for the US, the Eurozone, Switzerland and China over the next twelve months. 54% of analyst expect US GDP growth to slow as a consequence of higher tariffs, compared to only 27% who see an acceleration. This contrast is even stronger for the Eurozone and China. Notably, Switzerland stands out, with 40% of analysts forecasting no effect on GDP growth. Furthermore, Trump's trade policy is expected to fuel inflation in the US. In other regions, the impact on inflation is less clear, with consumer prices in China and Switzerland probably less affected than those in the Eurozone.

Fig. 3: The effect of Trump's trade policy on GDP growth and inflation

How do you expect Donald Trump's trade policy, centered on higher tariffs, to impact the following economic indicators over the next 12 months?



Sources: CFA Society Switzerland, UBS

**Financial Market Survey Switzerland by UBS and CFA Society Switzerland: February 2025 results**

<b>Current economic situation</b>	<b>good</b>	<b>+/-</b>	<b>normal</b>	<b>+/-</b>	<b>poor</b>	<b>+/-</b>	<b>balance</b>	<b>+/-</b>
Switzerland	3.3	-2.6	93.3	8.0	3.3	-5.5	0.0	2.9
Eurozone	0.0	0.0	36.7	-1.5	63.3	1.5	-63.3	-1.5
USA	50.0	-20.6	50.0	20.6	0.0	0.0	50.0	-20.6
China	0.0	-2.9	50.0	20.6	50.0	-17.6	-50.0	14.7
<b>Economic expectations</b>	<b>improve</b>		<b>no change</b>		<b>worsen</b>		<b>balance</b>	
Switzerland (UBS CFA Society Switzerland Indicator)	26.7	-8.6	50.0	2.9	23.3	5.7	3.4	-14.3
Eurozone	40.0	6.7	40.0	-2.4	20.0	-4.2	20.0	10.9
USA	20.0	11.2	40.0	-24.7	40.0	13.5	-20.0	-2.3
China	30.0	8.8	56.7	-10.0	13.3	1.2	16.7	7.6
<b>Inflation rate</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
Switzerland	16.7	-3.9	50.0	8.8	33.3	-4.9	-16.6	1.0
Eurozone	16.7	2.0	36.7	-1.5	46.7	-0.4	-30.0	2.4
USA	36.7	10.2	33.3	-19.6	30.0	9.4	6.7	0.8
<b>Other economic indicators for Switzerland</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
Export momentum (situation)	0.0	-3.4	66.7	15.0	33.3	-11.5	-33.3	8.1
Export momentum (expectations)	33.3	-1.2	37.0	-0.9	29.6	2.0	3.7	-3.2
Unemployment rate	50.0	9.4	42.9	-7.1	7.1	-2.3	42.9	11.7
<b>Short-term interest rates</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
Switzerland	0.0	0.0	13.8	-13.5	86.2	13.5	-86.2	-13.5
Eurozone	0.0	0.0	13.8	-7.4	86.2	7.4	-86.2	-7.4
USA	6.9	6.9	55.2	0.7	37.9	-7.6	-31.0	14.5
<b>Short-term interest rate spread</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
Eurozone – Switzerland	24.1	11.6	34.5	-6.1	41.4	-5.5	-17.3	17.1
<b>Long-term interest rates</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
Switzerland	16.7	-2.1	53.3	6.4	30.0	-4.4	-13.3	2.3
Germany	6.7	-14.5	43.3	10.0	50.0	4.5	-43.3	-19.0
USA	36.7	-0.8	33.3	8.3	30.0	-7.5	6.7	6.7
<b>Long-term interest rate spread</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
Germany – Switzerland	27.6	-0.5	37.9	6.7	34.5	-6.1	-6.9	5.6
<b>Share price</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
SMI (Switzerland)	66.7	7.9	16.7	-9.8	16.7	2.0	50.0	5.9
EuroStoxx 50 (Eurozone)	56.7	3.8	23.3	5.7	20.0	-9.4	36.7	13.2
S&P (USA)	50.0	2.9	30.0	0.6	20.0	-3.5	30.0	6.4
<b>Swiss franc exchange rate versus</b>	<b>appreciate</b>		<b>no change</b>		<b>depreciate</b>		<b>balance</b>	
EUR	60.0	11.5	30.0	-12.4	10.0	0.9	50.0	10.6
USD	53.3	20.0	30.0	-6.4	16.7	-13.6	36.6	33.6
<b>Commodities</b>	<b>increase</b>		<b>no change</b>		<b>decrease</b>		<b>balance</b>	
Oil (North Sea Brent)	26.9	11.3	23.1	-8.1	50.0	-3.1	-23.1	14.4
Gold (per ounce)	75.0	26.6	17.9	-24.0	7.1	-2.6	67.9	29.2

Note: 30 analysts participated in the February survey, which was conducted during the period from 13.02.2025 - 19.02.2025. Analysts were asked about their expectations for the next six months. The numbers displayed are percentages. Balances refer to the difference between positive and negative assessments.

Sources: CFA Society Switzerland, UBS

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